



“SCOOP”

ARKANSAS FARM SERVICE AGENCY - - STATE OFFICE

Date: October 16, 2004

2003 Final Counter-Cyclical Payment Rates Announced for Peanuts, Corn, Sorghum, and Soybeans for DCP

A 2003 final Counter-Cyclical payment for peanuts is currently being issued equal to \$73.00 per ton. Advance payments must be subtracted from this total. Corn, Sorghum, and Soybeans final 2003 Counter-Cyclical rate is zero; therefore resulting in overpayments for producers that received advance 2003 Counter-Cyclical payments for corn and sorghum. The chart below shows how the rates were determined.

Item	Peanuts Per Ton	Corn Per Bushel	Sorghum Per Bushel	Soybeans Per Bushel
Target Price	495.00	2.60	2.54	5.80
National Average Loan rate	355.00	1.98	1.98	5.00
National Average Farm Price	386.00	2.42	2.39	7.02
Higher of loan rate or farm price	386.00	2.42	2.39	7.02
Direct payment rate	+36.00	+28	+35	+44
Effective price	422.00	2.70	2.74	7.46
Final Counter-Cyclical Payment	73.00	0	0	0
Rate	36.40	0.077	0.014	
Less 1 st advance	36.60	-0.077	-0.014	
Equals	15.40	0	0	
Less 2 nd Advance	21.20	-0.077	-0.014	0
Equals balance (if first and second advance received)				

Notes: Peanuts will be paid in pounds at a rate of \$0.0365.

Final rice payment rates will be announced in February 2005.

Final cotton payments will be announced later this month.

2004 Final Direct Payments for DCP

County offices are currently processing and releasing final 2004 direct DCP payments. Producers who have not received notification of payment in the near future should contact their servicing FSA office. Producers are reminded that the final 2004 direct payments will be reduced to offset 2003 unearned advance wheat counter-cyclical payments.

Designation of Shares on the DCP Contract

Producers need to ensure that shares designated on the DCP Participation Contract meet the division of payment rules. In general, the DCP payment shares need to mirror the actual shares for crops produced on base acres. The table below defines the general DCP share requirements. Specific situations and questions may be addressed to your local County Office. Failure to comply with the division of payment rules will result in a loss of program payments.

Eligible to Receive DCP Payment		
Situation	Lessor (landowner)	Lessee (tenant)
Landowner cash leases entire farm to lessee	No, because the base acreage has been cash leased to another. Landowner has no risk in the crop	Yes, if all other eligibility requirements are met
Landowner leases grazing or haying rights or privileges on base acreage to another, but land itself is not leased	Yes, if all other eligibility requirements are met, because the land itself has not been leased, only the right to graze or hay	No, because the land has not been leased, only the right to graze or hay
Landowner cash leases base acreage and lessee grazes or hays the land	No, because the base acreage has been cash leased to another	Yes, if all other eligibility requirements are met, because the lessee has leased the land, not just grazing or haying rights. The fact that the lessee uses the land for grazing or haying is not relevant
Farm is share leased	Yes, if all other eligibility requirements are met. However, neither the lessor nor the lessee may receive 100 percent of the DCP payment.	Yes, if all other eligibility requirements are met, however neither the lessor nor the lessee may receive 100 percent of the DCP payment
<p align="center">Planting Flexibility</p> <p>Any commodity may be planted on the following:</p> <ul style="list-style-type: none"> Any land, including base acres, on a farm not enrolled in a DCP contract Non base acres of a farm enrolled in a DCP contract Base acres of a farm enrolled in a DCP contract, except for fruits, vegetables and wild rice. 		
<p align="center">DCP has a new Appendix to the Contract</p> <p>Appendix to Form CCC-509, Direct and Counter-Cyclical Program Contract has been revised and can be obtained at your local FSA office. The appendix provides the terms and conditions of the DCP Program. By signing the CCC-509, Contract to Participate in the Direct and Counter-Cyclical Program producers are acknowledging receipt of the Appendix and agree to abide by the terms of the appendix. DCP participants also agree to:</p> <ul style="list-style-type: none"> Comply with highly erodible/wetland provisions Effectively control noxious weeds and otherwise maintain base acres according to sound agricultural practices Not plant perennial fruits and vegetables or harvest annual fruits and vegetables (other than lentils, mung beans, and dry peas) or wild rice on base acres unless an allowable exception is met File acreage report with respect to all cropland on the farm Notify FSA when there is a transfer of or change of interest of a producer 		

Enroll 2005 DCP Contracts on the World Wide Web (WWW)

To provide better and more efficient service FSA is moving into the computer age fast and furious. Enrollment into the 2005 Direct and Counter-Cyclical Program (DCP) is being offered to producers by the World Wide Web (WWW). Producers must complete the proper paperwork to become certified and eligible to conduct business online by becoming e-Authentication level 2 secure. Contact your local FSA for these details. Producers with level 2 security access can enroll by accessing the DCP Home Page from the Internet at <https://inlet.tc.fsa.usda.gov/DCP>. FSA will also be enrolling producers using the same World Wide Web process. The WWW allows any FSA office to enroll a producer from any FSA office in the nation. We want to assure you that your local FSA office will still service your farm and contract. Although your contract can be accessed by any FSA employee nationwide, security privileges are in place that only the home county can perform. For producers that are not ready for the computer age, and want one-on-one personal assistance, report to your nearest FSA office for assistance.

The deadline to enroll a 2005 DCP contract is June 1, 2005. Applications received after June 1, 2005 through September 30, 2005 will be accessed with a \$100.00 late file fee per farm.

2005 RECONSTITUTIONS

Farm reconstitutions may now be processed for the 2005 program year provided proper signatures and supporting data is obtained. The method and priority order for farm divisions with DCP base acres is as follows:

- **Estate:** Used when a will or written agreement by heirs state the distribution of base acres
- **Landowner Designation Method:** Used when land is sold/transferred with a written agreement by the buyer/transferee or seller agreeing to the distribution of base acres. The seller/ transferor must have owned the land at least three years unless the County Committee waives the requirement.
- **Default:** Used when the estate and landowner designation method does not apply. This method distributes bases to the new farms at the tract level as they exist on the parent farm before reconstitution.

Spot Checks by FSA

All CCC-501s (Members Information), and CCC-502s (Farm Operating Plan for Payment Eligibility Review), are subject to spot check through our end-of-year review process. If selected for a spot check, producers will be asked to submit proof of their contribution to the operation such as seed, fertilizer and chemical bills, land lease agreements, land contracts or property tax payments, equipment lists, cancelled checks for paid labor or hired management and any other items the FSA County Committee determine are necessary.

The producer is required to provide these items for the spot check so that the FSA county committee can make a determination that the farming operation is actually being performed as was stated on the applicable CCC-501 or CCC-502 that was originally completed.

eLDPs Go Online

The Farm Service Agency's (FSA) new electronic **Loan Deficiency Payment Service (eLDP)** is an Internet-based service allowing producers to request LDPs online and, in most cases, receive approval and payment by direct deposit within 48 hours. eLDPs are available to eligible producers in all 50 States and are offered as an additional option to producers requesting an LDP. LDP benefits are still available at the local FSA county office. However, eLDP services provide greater flexibility to producers who conduct business online and want to avoid travel time to and from the local FSA office.

USDA provides eLDP services in a secure online environment that protects participants' privacy through stringent security measures. All participating customers will have an eLDP Customer Profile set up through a software application that validates their farming and crop information. Local FSA county offices will maintain Customer Profiles for accuracy. Customer Profile information is provided by the customer and verified by farm records stored in the local FSA county office. FSA's eLDP customers can use a personal computer to submit an LDP application. After the eLDP is approved by USDA, the payment is automatically routed by electronic funds transfer to the customer's bank account. The eLDP process is available 24/7, except during routine backup and maintenance periods. The applicable LDP rate is based upon the rate in effect on the application date for the location of the stored commodity.

Federal Crop Insurance Program Integrity FSA, RMA, and Farm Producer Work Together for Program Integrity

The Agricultural Risk Protection Act of 2000 requires the Farm Service Agency (FSA) and the Risk Management Agency (RMA) to work together to improve program compliance and integrity of the Federal Crop insurance Program.

- FSA will be assisting RMA and insurance providers in monitoring crop conditions throughout the growing season.
- FSA will refer all suspected cases of fraud, waste, and abuse in the Federal Crop Insurance Program to RMA.
- Producers may report suspected cases of fraud, waste, and abuse to their local FSA County, RMA, or the Office of Inspector General (OIG).
- FSA will assist RMA with auditing claims.

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